



High Deductible Health Plans and Health Savings Accounts

Who Benefits the Most?

The big misconception

It's a common belief that high deductible health plans (HDHPs) and health savings accounts (HSAs) only defend healthy people from the health care expenses monster. And while it's true there are advantages in these designs for healthy people, they can often benefit the very ill even more.

Out-of-pocket (OOP) costs can be capped at a lower level for members with extensive doctor visits and high levels of prescription usage. Members covered under an HDHP who reach their annual OOP maximum pay nothing for additional covered charges. Under most traditional designs, copays continue regardless of how much a member has already spent "out-of-pocket."

Several other advantages of HDHP/HSA designs should be considered as well:

- Lower monthly premiums of most HDHPs give both employers and employees an edge.
- HSA funds are contributed pre-tax, presenting another financial advantage.
- If a member is able to accumulate funds within the HSA, they gain yet another financial advantage over a conventional medical design.

A high-utilization example

Consider a conventional design with a \$500 deductible, \$3,000 OOP, with 90% in-network coinsurance and \$20 physician visit copays versus an HDHP with a \$1,500 deductible, \$3,000 OOP, no copays and 80% in-network coinsurance. The member has several typical expenses, suffered a broken ankle and is managing a chronic condition.

CONVENTIONAL COVERAGE		HIGH DEDUCTIBLE HEALTH PLAN	
Preventive office visit	\$20	Preventive office visit	\$25
Flu – office visit	\$20	Flu – office visit	\$137
Sprained ankle ER visit deductible and coinsurance	\$515	ER visit for sprained ankle	\$650
Deductible Met			
EKG (post deductible)	\$0	EKG	\$80
12 specialist visit copays	\$240	12 specialist visits (12 x \$196)	\$2,352
5 prescriptions; 2 at Tier 1 and 3 at Tier 2	\$1,140	5 prescriptions; 2 at Tier 1 and 3 at Tier 2	\$1,680
Remicade administered in physician's office (\$2,000 – \$500) x 6 x 10% (coinsurance)	\$900	Remicade administered in physician's office	\$12,000
Total employee liability	\$2,835	Total employee liability	\$3,000
Employee cost for coverage*	\$1,476	Employee cost for coverage*	\$1,008
Total employee costs	\$4,311	Total employee costs	\$4,008
		Advantage to the employee	\$303

*Assumes that employee pays approximately 30% of the total cost of coverage.



WE'LL GIVE YOU AN EDGESM

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This brochure provides general information about high deductible health plans (HDHPs) and health savings accounts (HSAs). It is not a complete statement of the provisions or requirements of HDHPs and HSAs. HDHPs and custodial services for HSAs offered by Principal Life. Bank products and services provided by Principal Bank, Member FDIC, Equal Housing Lender. HSA monies held in a Principal Bank account are FDIC insured. Principal Life and Principal Bank are members of the Principal Financial Group®, Des Moines, IA 50392.